

August 25, 2006

Honorable Mark Sanford
Governor, State of South Carolina
P. O. Box 11829
Columbia, South Carolina 29211

Dear Governor Sanford:

The South Carolina Department of Transportation (SCDOT) is pleased to submit its fiscal year 2007-2008 budget plan to the Office of State Budget. This budget is based on an appropriations level of \$1,000,000,000 representing a decrease of over 28 percent from the Fiscal Year 2006-2007 level of funding. This decrease will occur in the construction program and will have an impact on the South Carolina economy.

The SCDOT budget is based on the realistic amount of revenue that can be expected from the state fuel user fee, the federal appropriations, and a small percentage of other income from miscellaneous activities (interest, sale of excess property, tolls, etc.). The fuel user fee has not been adjusted since 1987 and the rate of annual growth is less than inflation. Each year, and particularly this past state year, the cost of all basic elements has risen dramatically. For example, SCDOT fuel costs were \$10 million higher than the year before. The level of federal funding has also decreased that mandates a reduction of construction activity.

Providing a safe and efficient transportation system in South Carolina is the primary mission of the Department. In order to accomplish this objective, sufficient funding is required each year. Insufficient funding results in delaying critical maintenance activities, which leads to significantly greater capital needs for replacement in future years. Hopefully legislation will be introduced this next year to address the severe funding crisis for South Carolina's transportation infrastructure. We have prepared a vision outlining the financial requirements over the next ten years and we are prepared to help identify potential funding sources to supplement the highway fund revenues.

We are requesting an additional \$5 million in recurring General Revenue funds for the Mass Transit program. Mass Transit administers and monitors various state and federal grants to public transportation agencies that serve urban and rural communities, the elderly, and persons with disabilities. The level of state funding from the fuel user fee and nominal recurring base funds are not sufficient for the match requirements of federal funds let alone plan for future mass transit needs. The additional requested funds will help plan for the upstate rail initiative, purchase of abandoned rail lines, and continue bus purchases that have been eliminated from the federal program.

Your positive support of additional highway funding would be greatly appreciated.

As always, I am available to discuss our funding challenges and vision for the future or to provide additional information regarding this budget submission.

Sincerely,

Elizabeth S. Mabry
Executive Director

ESM:ad

Cc: SCDOT Commissioners

Mr. Morgan F. Denny, Director of Finance

Mr. Tony Chapman, State Highway Engineer

Enclosures

File: DO/kb/esm

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable):										
Activity Number & Name:										
TOTAL OF ALL PRIORITIES		\$ 0	5,000,000	\$ 0	\$ 0	5,000,000	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:

State \$ 100,990

Federal\$

Other \$

F. Efficiency Measures: **On July 16, 2005 the SC Department of Transportation dedicated the largest infrastructure project in the history of South Carolina. The Arthur Ravenel Bridge in Charleston, South Carolina was completed one year ahead of schedule, within budget and constructed with an enviable safety record. The Arthur Ravenel, Jr. Bridge replaced the Grace Memorial Bridge and the Silas Pearman Bridge. Demolition of the Grace and Pearman Bridges is now 76% complete.**

G. **SCDOT does submit a CPIP and goes to the JBRC but is not funded by general revenue funds for capital improvements. SCDOT permanent improvement expenditures are covered in Section 10-1-180 of the SC Code.**

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	Project Name:	Project No*:	0	0	0	\$ 0
	Activity Number & Name:					
Priority No.:	Project Name:	Project No*:	0	0	0	\$ 0
	Activity Number & Name:					
Priority No.:	Project Name:	Project No*:	0	0	0	\$ 0
	Activity Number & Name:					

TOTAL OF ALL CAPITAL BUDGET PRIORITIES	\$ 0	\$ 0	\$ 0	\$ 0
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* If applicable

H. Number of Proviso Changes: **2**

I. Signature/Agency Contacts/Telephone Numbers:
Contact – Tami Reed 737-2875

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: **U12/SC Department of Transportation**

B. Priority No. 1 of 1

C. (1) Title: **Mass Transit**

(2) Summary Description: **Mass Transit administers and monitors various state and federal grants to public transportation agencies that serve urban and rural communities, the elderly, and persons with disabilities. Mass Transit administers funding for approximately 110 Human Service Providers, 14 Rural Public Transit Agencies, and 4 Urban Public Transit Systems.**

(3) Strategic Goal/Action Plan (*if applicable*): **The systematic planning, and operation of a statewide mass transit system that is consistent with the needs and desires of the public. The action plan of SCDOT is to ensure state general funds get to appropriate public transit agencies for expenditure. SCDOT also plans to help fund the upstate rail initiative and purchase abandoned rail lines.**

D. Budget Program Number and Name: **Mass Transit, #4000000**

E. Agency Activity Number and Name: **#1451 - Mass Transit Allocation to Other Entities**

F. Detailed Justification for Funding

(1) Justification for Funding Increase: **Over the past nineteen years, the general fund revenues have decreased some \$1,200,000 for the Department of Transportation. On an agency level, these funds were budgeted as allocations to local transit providers to assist with their operations. Generally these funds were budgeted as allocations to local transit providers to assist with their operation. Generally, these funds are used to match federal transit funds. Without the funds, up to \$6,000,000 in federal revenues will be foregone, effecting the local providers significantly.**

These funds will also help fund an upstate rail initiative and pay for the purchase of abandoned rail lines to enhance the Mass Transit options in the state. Funding for bus acquisition will also be needed.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
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Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds		5,000,000			5,000,000
Other Operating Expenses					\$ 0
Total	\$ 0	5,000,000	\$ 0	\$ 0	5,000,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ **5,000,000**
Federal \$
Other \$

(4) Is this priority associated with a Capital Budget Priority? no If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification: **N/A**

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0

(c) Employer Contributions					\$ 0
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	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2006: **632.83**

% Vacant **11.7**%

H. Other Comments:

III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

A. Agency Section/Code/Name: **U12/Department of Transportation**

B. Priority No. ____ of ____

C. Strategic Goal/Action Plan *(if applicable)*:

D. Project Name and Number *(if applicable)*:

E. Agency Activity Number and Name:

F. Description of Priority:

G. Detailed Justification for Funding

(1) Justification for Funding Priority:

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*				\$ 0

** If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

H. Justification for First Year Additional Future Annual Operating Costs:

(1) Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: _____ Will this fiscal year require a partial or full year's operating funds? _____ If a partial year's funds are required, what portion of the year does it cover? _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. Justification for First Full Year Additional Future Annual Operating Costs *(If Section H above represents a full year's operating funds, do not complete this section.)*

(1) Will additional annual operating costs be absorbed into your existing budget? _____
If not, will additional state funds be needed in the future? _____
If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

- A. Agency Section/Code/Name: **U12/SC Department of Transportation**
- B. Agency Activity Number and Name: **#1445 – Mass Transit - \$2,020.00**
#1440 - Construction - \$20,000.00
- C. Explanation of Cost Savings Initiative: **Reduce Mass Transit by \$2,020.00 which would reduce the amount passed thru to local Transit providers to furnish transportation to urban and rural communities, the elderly, and persons with disabilities. Reduce amount provided in Appropriation Act for the construction of road to State Farmer's Market by \$20,000.**
- D. Estimate of Savings:

FY 2007-08 Cost Savings Estimates:	General	Federal	Other	Total
Personnel:				
(a) Number of FTEs				0.00
(b) Personal Service				\$ 0
(c) Employer Contributions				\$ 0
Program/Case Services				\$ 0
Pass-Through Funds	2,020.00			2,020.00
Other Operating Expenses	20,000.00			20,000.00
Total	22,020.00	\$ 0	\$ 0	22,020.00

- E. Activity Impact (Describe the impact on the activity affected including the impact on customers and clients.): **1445 –**

Local Transit providers would have less funds to furnish transportation to urban and rural communities, the elderly, and persons with disabilities.

1440 – The scope of the project would need to be changed or funds from maintenance or other construction projects would have to be moved to cover shortage.

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$ 0	\$ 0	\$ 0	\$ 0	0.00	0.00	0.00	0.00

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

- A. Agency Section/Code/Name: **U12/SC Department of Transportation**
- B. Agency Activity Number and Name: **1440 - Construction**
- C. Explanation of Lowest Priority Status: **Aside from current contracts, construction is the one area where costs can be somewhat controlled. Suspending new contracts will result in lower costs in future years. The effect is not immediate, however, since construction projects extend over several years.**
- D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	285,539,533	0	0	0	0	285,539,533
Total	285,539,533	\$ 0	\$ 0	\$ 0	\$ 0	285,539,533

- D. Activity Impact (Describe the impact on the activity affected including the impact on customers and clients.):
New projects will not be let. Maintenance and safety costs will unfortunately rise as a result. SCDOT will continue to prioritize projects based on Safety and System Preservation. However, with greatly increased construction costs and increasing demands on state sourced revenue, many new projects will have to be delayed.

F.

Summary of Priority Assessment of Activities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00